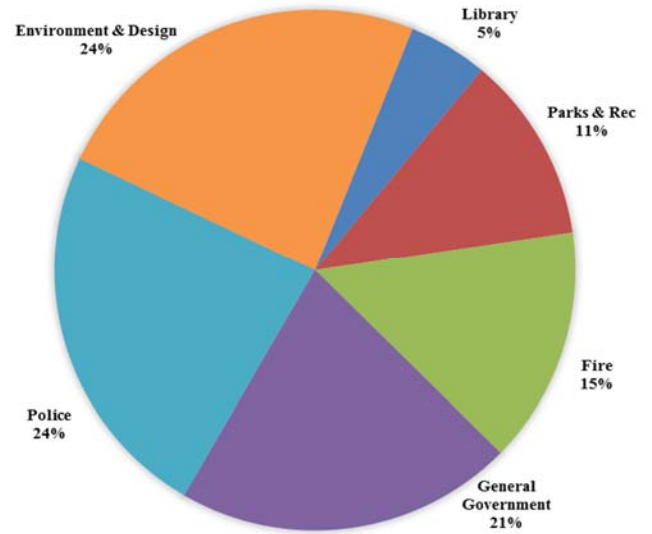


GENERAL FUND

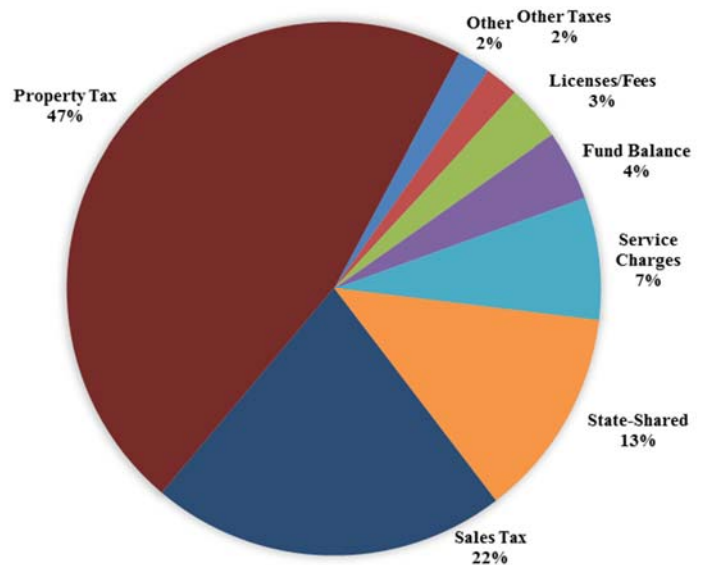
The General Fund is the general operating fund of the Town and is used to account for all revenues and expenditures except those required to be accounted for in another fund. The fund is established at the inception of a government and exists throughout the government's life.

General Fund Expenditures



Total \$63,531,000

General Fund Revenues



**GENERAL FUND
BUDGET SUMMARY**

EXPENDITURES

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Government	\$ 12,147,426	\$ 13,354,476	\$ 20,927,827	\$ 19,004,724	\$ 13,381,597	0.2%
Environment & Development	14,689,024	16,848,036	18,507,998	18,027,910	15,233,639	-9.6%
Public Safety	20,281,922	22,662,273	22,933,714	20,821,752	24,403,771	7.7%
Leisure	9,070,159	10,174,215	10,450,333	9,953,479	10,511,993	3.3%
Total	\$ 56,188,531	\$ 63,039,000	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000	0.8%

REVENUES

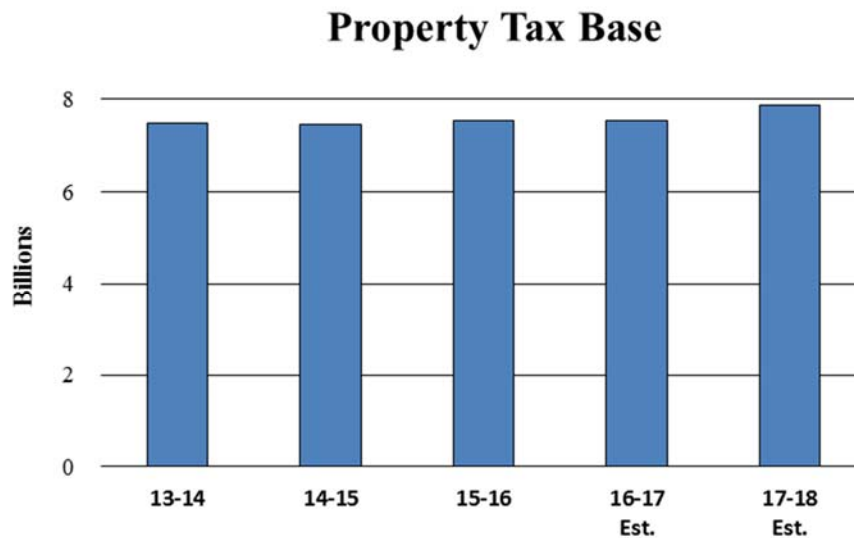
	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Revenues:						
Property Taxes	\$ 29,329,695	\$ 29,535,000	\$ 29,535,000	\$ 29,235,000	\$ 29,635,000	0.3%
Sales Taxes	12,040,383	12,790,797	12,790,797	12,902,997	13,677,177	6.9%
Other Tax and Licenses	1,277,794	1,224,000	1,224,000	1,275,100	1,300,000	6.2%
State-Shared Revenues	8,034,806	8,079,590	8,079,590	8,051,250	8,069,340	-0.1%
Interest on Investments	30,070	25,000	25,000	30,158	50,000	100.0%
Other Revenues	658,242	332,035	391,488	605,466	413,053	24.4%
Grants	709,203	780,614	800,114	789,463	779,963	-0.1%
Charges for Services	4,219,557	4,602,428	4,602,428	4,318,001	4,748,308	3.2%
Licenses/Permits/Fines	2,563,513	2,917,986	2,917,986	2,251,338	2,129,153	-27.0%
Transfers/Other Sources	2,245,000	45,000	45,000	45,000	45,000	0.0%
Appropriated Fund Balance	(4,919,732)	2,706,550	12,408,469	8,304,092	2,684,006	-0.8%
Total	\$ 56,188,531	\$ 63,039,000	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000	0.8%

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Property Tax

The largest component of the property tax is the levy on real property. The property tax consists of three components – General Fund, Debt Service Fund and Transit Fund. We have based our estimate on historic trends and current information from Orange and Durham Counties for the overall tax base. The tax base for 2017-18 is estimated to be \$7,868,838,338 with 1 cent on the tax rate equivalent to about \$784,000.



The combined property tax revenue we anticipate for 2017-18 totals about \$39.8 million, with \$29.6 million of that supporting the General Fund.

Other Local Taxes

Revenue from the 3 percent Hotel/Motel occupancy tax is expected to total \$1,200,000 in the current year and about \$1,225,000 in 2017-18. Revenue trends are affected by University events and general economic conditions.

GENERAL FUND

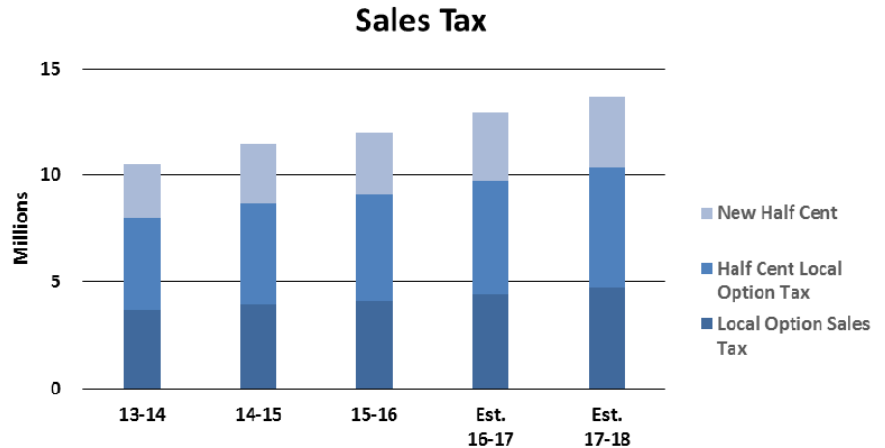
Major Revenue Sources - Descriptions and Estimates

State-Collected Revenues

Sales Taxes

Sales tax revenue is expected to come in slightly over budget in 2016-17. Growth was budgeted at 6% for FY17 and sales tax receipts have been in line with our projections. Based on this information, we are estimating an overall growth rate of 6% in sales taxes for FY18. We estimate combined sales taxes of about \$12,902,997

for 2016-17. Orange County has the option to change the allocation method for sales taxes from per capita to ad valorem, which would result in a significant reduction in sales tax receipts for the Town.



Motor Fuel Taxes (known as Powell Bill funds)

Motor fuel tax revenue is based on receipts of 1¾ cents of the State gasoline tax allocated to local governments, based on population and local street mileage in each jurisdiction. This revenue is anticipated to total \$1,463,000 in 2016-17, about \$27,000 less than last year. For 2017-18, we anticipate revenues will hold the line at around \$1,463,000.

State Fire Protection Funds

We are expecting about \$1,097,500 in State Fire Protection Funds in the current year, and we expect a slight increase to \$1,115,590 in 2017-18.

Utility Sales Tax

Utility sales taxes are derived from a 3 percent tax on gross revenues from public utilities in each jurisdiction, and are collected by the State for distribution to cities and towns. Because the fees are dependent upon utility charges, they are affected by weather conditions and can vary from year to year. In 2007, the State changed the distribution method for cable franchise fees and included them in the utility sales tax distribution. We estimate that we will receive approximately \$5,182,750 in the current year in utility sales taxes. We anticipate that revenues will hold the line in 2017-18.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Solid Waste Disposal Tax

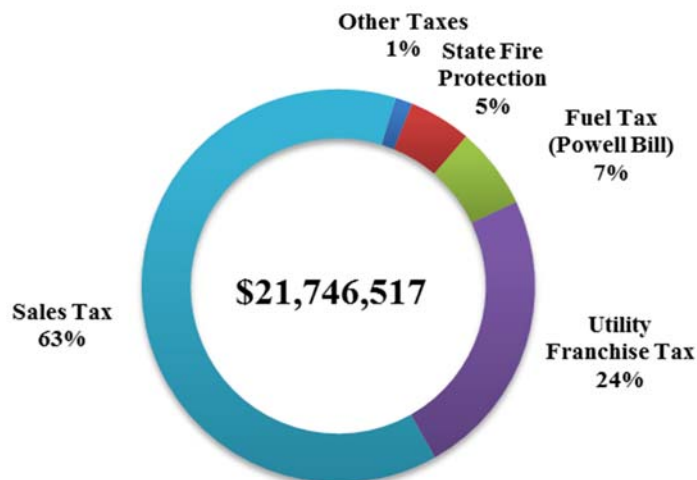
The Solid Waste Disposal Tax went into effect on July 1, 2008. This \$2 per-ton tax is charged on municipal solid waste and construction debris that is deposited in a landfill in the state or transferred at a transfer station for disposal outside of the state. 18.75% of this tax is distributed to cities and towns on a per capita basis. We anticipate receiving around \$38,000 for the current year and \$38,000 next year.

Beer and Wine Taxes

Assuming full receipt of the Beer and Wine tax revenue normally distributed in May to cities and counties, we estimate allocations from this source of about \$270,000 for the current year and \$270,000 next year.

In summary, we estimate State-collected revenues would total about \$21,746,517 for next year.

State Collected Revenues



Other Revenue Sources

Grants

This category of revenue includes certain recurring local and State grants totaling about \$779,963 for 2017-18. Beginning in 2004-05, we began using a separate Grants Fund for non-recurring grants.

Local grants include an appropriation from Orange County to supplement the Town's Parks and Recreation programs and the Town's Library. The adopted budget for 2017-18 includes level funding from the County at \$83,760 for the Parks and Recreation supplement. The adopted 2017-18 budget includes \$568,139 in Orange County funding to support the Chapel Hill Library, which is equal to the current year's allocation. The State appropriation for Library services is budgeted at \$28,064.

Charges for Services

Service Charges for various Town services and programs (including zoning compliance review and Parks and Recreation programs) are estimated to come in under budget in the current year by about \$284,000. This can mainly be attributed to a decrease in expected revenues in development for Planning & Sustainability, swim and pool passes in Parks & Recreation, and library fines in Library. Charges for services are expected to increase from

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

a budgeted amount of \$4,602,428 in 2016-17 to \$4,748,308 for 2017-18 due to fee increases and projected activity.

This category also reflects amounts transferred from other Town funds to the General Fund, primarily to recover administrative and indirect costs from other Town enterprise funds and services. For 2016-17, these include estimates of \$82,365 from Parking Enterprise Funds, \$123,211 from the Stormwater Management Fund, and \$1,336,125 from the Transit Enterprise Fund.

Licenses/Permits/Fines & Forfeitures

Revenue from licenses, permits, and fines, are expected to miss the current year's budget by about \$667,000 due to lower than expected revenues in fire inspection fees, special use permits, and inspection permits. Total licenses and permits are expected to decrease from about \$2.9 million in 2016-17 to \$2.1 million in 2017-18.

Interest on Investments

The General Fund share of interest earned on the Town's investments is recorded in this category. Investment income is expected to exceed the current year's budget estimate of \$30,158 and generate about \$50,000 next year.

Miscellaneous, Transfers, Net Assets (Fund Balance)

Miscellaneous Revenues

The primary miscellaneous revenues include the sale of cemetery plots and equipment, court cost reimbursements, and donations (Carol Woods). Miscellaneous revenues are expected to total about \$605,466 for 2016-17 (approximately \$200,000 was received for revenue-in-lieu for recreation and open space and sidewalks that was not budgeted) and \$413,053 for 2017-18.

Transfers

Transfers include a transfer of \$45,000 for 2017-18 from the Library Gift Fund for Library purposes.

Fund Balance

This appropriation represents a use of net assets (fund balance) for general operations. We are currently budgeted to use about \$12.3 million of fund balance in 2016-17, but through cost-cutting measures, will use only about \$8.8 million. The annual budget includes the use of about \$2,699,006 in 2017-18 to maintain service levels.

GENERAL FUND

Major Revenue Sources - Descriptions and Estimates

Summary of Revenues

In summary, the annual budget includes \$63.5 million in General Fund revenues, including the use of \$2,699,006 of fund balance.

The table below shows comparative estimates of total General Fund revenues for the current year and next year.

	16-17 Revised Budget	16-17 Estimated	17-18 Adopted Budget
Property Taxes	\$ 29,535,000	\$ 29,235,000	\$ 29,635,000
Sales Taxes	12,790,797	12,902,997	13,677,177
Other State-Collected	8,079,590	8,051,250	8,069,340
Other Revenues	2,440,602	2,700,187	2,543,016
Licenses/Permits	2,917,986	2,251,338	2,129,153
Service Charges	4,602,428	4,318,001	4,748,308
Interfund Transfers	45,000	45,000	45,000
Fund Balance	12,408,469	8,304,092	2,684,006
Total	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000

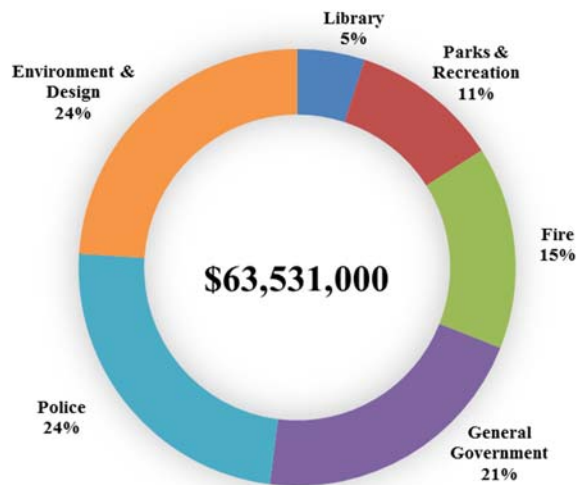
GENERAL FUND

Major Expenditures - Descriptions and Estimates

The General Fund provides basic services for Town citizens including police and fire protection, environment and development services (including planning, public works, engineering, and inspections), general administration and planning for growth and development in the community.

The pie chart below shows the relative proportions of expenditures for the various functions and departments in the General Fund budget totaling \$63,531,000 for the 2017-18 budget.

The largest category of expenditures for the General Fund is Public Safety services, with Police Department expenditures of about \$15.2 million and Fire Department expenditures of about \$9.2 million.



Environment and Development is the second largest category in the General Fund at about \$15.2 million, including Planning & Development Services, Housing & Community and Public Works which provide services of affordable housing, planning for growth, engineering, solid waste collection, maintenance of streets, and maintenance of Town facilities.

Police, Fire and Public Works together comprise about 57.7% of total General Fund expenditures.

Other General Fund services include Parks and Recreation programs totaling about \$7.4 million, Library services of \$3.1 million, and General Governmental activities (Administration, Communications & Public Affairs, Business Management, Human Resources, Attorney, and Non-Departmental) totaling about \$13.4 million.

Non-departmental expenditures total \$4.0 million. Non-departmental expenditures include a transfer for capital improvements of \$476,500. \$1,112,137 is included in the annual budget for distribution to other agencies in support of human services, cultural and arts programs, economic development and development of affordable housing as adopted by the Council. The non-departmental budget also includes funding for “penny for housing” (\$688,395) and legal/investigations/demolition funds (\$100,000). The budget for liability and property insurance totals \$400,000.

GENERAL FUND

Major Expenditures - Descriptions and Estimates

Significant changes in the 2017-18 budget includes changes to medical insurance rates. The adopted budget includes a 12.0% increase in rates for active employees and under-65 retirees, or about a \$611,000 increase.

Additional expenses in the budget include a 2.5% of market rate salary adjustment starting July 1, 2017 (\$845,000) and moving 72 employees to a higher job classification based on the implementation of recommendations given from an independent market study (\$242,000). Further additional expenses include an increase in temporary salary pay in order to stay in compliance with the Orange County Living Wage ordinance (\$93,098) and implementing pay and performance incentives in the Police department (\$86,000). There are purchases for an extractor and dryer (\$22,800) and a power unit (\$8,500) for the Fire Department. There is an additional \$20,000 for asphalt for patching in Public Works.

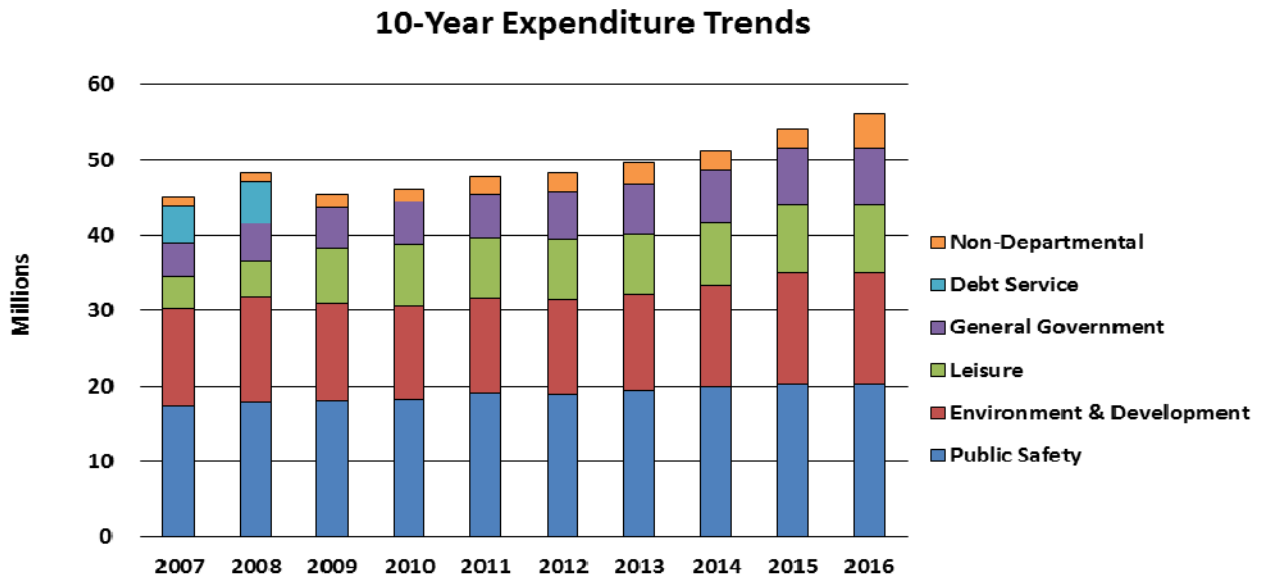
The 2017-18 Adopted Budget continues to fund retiree medical costs on a pay-as-you-go basis (\$1,185,188), and contributes \$630,000 towards the post-employment benefit (OPEB) liability. The budget increases funding for the Orange Community Housing & Loan Trust by \$11,270 and the Homelessness Initiative by \$7,810.

The table below shows expenditure levels for General Fund personnel, operating costs and capital outlay.

EXPENDITURES	2015-16	2016-17	2016-17		2017-18	% Change
	Actual	Original Budget	Revised Budget	2016-17 Estimated	Adopted Budget	from 2016-17
Personnel	\$ 38,858,822	\$ 45,096,276	\$ 46,643,472	\$ 43,876,909	\$ 46,773,297	3.7%
Operating Costs	\$ 15,735,487	\$ 17,075,605	\$ 21,541,009	\$ 19,414,687	\$ 16,180,770	-5.2%
Capital Outlay	\$ 1,594,222	\$ 867,119	\$ 4,635,391	\$ 4,516,269	\$ 576,933	-33.5%
Total	\$ 56,188,531	\$ 63,039,000	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000	0.8%

GENERAL FUND

Major Expenditures - Descriptions and Estimates



**GENERAL FUND
EXPENDITURES BY DEPARTMENT**

	2015-16 Actual	2016-17 Original Budget	2016-17 Revised Budget	2016-17 Estimated	2017-18 Adopted Budget	% Change from 2016-17
General Government						
Mayor/Council	\$ 417,449	\$ 440,634	\$ 440,597	\$ 445,896	\$ 489,019	11.0%
Town Manager	1,309,768	1,577,458	1,653,599	1,362,528	1,726,830	9.5%
Communications & Public Affairs	798,372	808,501	858,181	787,594	854,919	5.7%
Human Resource Dev't	1,460,369	1,684,747	2,002,286	1,861,512	1,742,803	3.4%
Business Management	1,912,799	2,102,382	2,104,057	2,052,995	2,208,315	5.0%
Technology Solutions	1,260,460	1,898,579	1,945,842	1,693,622	1,951,215	2.8%
Town Attorney	306,654	339,184	339,222	328,974	348,947	2.9%
Non-Departmental	4,681,555	4,502,991	11,584,043	10,471,603	4,059,549	-9.8%
Subtotal	\$ 12,147,426	\$ 13,354,476	\$ 20,927,827	\$ 19,004,724	\$ 13,381,597	0.2%
Environment & Development						
Planning & Development Services	\$ 3,185,748	\$ 3,868,967	\$ 4,395,588	\$ 4,051,185	\$ 2,185,755	-43.5%
Housing & Community	590,949	720,525	746,806	745,732	774,487	7.5%
Public Works	10,912,327	12,258,544	13,365,604	13,230,993	12,273,397	0.1%
Subtotal	\$ 14,689,024	\$ 16,848,036	\$ 18,507,998	\$ 18,027,910	\$ 15,233,639	-9.6%
Public Safety						
Police	\$ 12,180,946	\$ 13,377,095	\$ 13,505,933	\$ 12,122,796	\$ 15,156,873	13.3%
Fire	8,100,976	9,285,178	9,427,781	8,698,956	9,246,898	-0.4%
Subtotal	\$ 20,281,922	\$ 22,662,273	\$ 22,933,714	\$ 20,821,752	\$ 24,403,771	7.7%
Leisure						
Parks and Recreation	\$ 6,196,658	\$ 7,122,261	\$ 7,283,216	\$ 6,893,554	\$ 7,375,935	3.6%
Library	2,873,501	3,051,954	3,167,117	3,059,925	3,136,058	2.8%
Subtotal	\$ 9,070,159	\$ 10,174,215	\$ 10,450,333	\$ 9,953,479	\$ 10,511,993	3.3%
General Fund Total	\$ 56,188,531	\$ 63,039,000	\$ 72,819,872	\$ 67,807,865	\$ 63,531,000	0.8%

